

108TH CONGRESS
1ST SESSION

H. R. 782

To amend the Internal Revenue Code of 1986 to make inapplicable the 10 percent additional tax on early distributions from certain pension plans of public safety employees.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2003

Mr. BRADY of Texas (for himself, Mr. GREEN of Texas, Mr. FOLEY, and Mr. BECERRA) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to make inapplicable the 10 percent additional tax on early distributions from certain pension plans of public safety employees.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. INAPPLICABILITY OF 10 PERCENT ADDITIONAL**
4 **TAX ON EARLY DISTRIBUTIONS OF PENSION**
5 **PLANS OF PUBLIC SAFETY EMPLOYEES.**

6 (a) IN GENERAL.—Section 72(t)(2) of the Internal
7 Revenue Code of 1986 (relating to subsection not to apply

1 to certain distributions) is amended by adding at the end
2 the following new subsection:

3 “(G) DROP DISTRIBUTIONS TO QUALIFIED
4 PUBLIC SAFETY EMPLOYEES IN GOVERN-
5 MENTAL PLANS.—

6 “(i) IN GENERAL.—Distributions to
7 an individual who is a qualified public safe-
8 ty employee from a governmental plan
9 within the meaning of section 414(d) to
10 the extent such distributions are attrib-
11 utable to a DROP benefit.

12 “(ii) DEFINITIONS.—For purposes of
13 this subparagraph—

14 “(I) The term ‘DROP benefit’
15 means a feature of a governmental
16 plan under which an employee elects
17 to receive credits to an account (in-
18 cluding a national account) in the
19 plan in lieu of increases in the em-
20 ployee’s accrued pension benefit based
21 on years of service after the effective
22 date of the DROP election.

23 “(II) The term ‘qualified public
24 safety employee’ means any employee
25 of any police department or fire de-

1 partment organized and operated by a
2 State or political subdivision of a
3 State if the employee provides police
4 protection, firefighting services, or
5 emergency medical services for any
6 area within the jurisdiction of such
7 State or political subdivision.”.

8 (b) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to distributions after December 31,
10 2002.

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